

## Enforcement Actions in Industry/Sector: Health Care – Hospitals/Clinics (FY 1996 - FY 2012)

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Matter	Enforcement Date	Matter and Action Type
<b>1. 1110102 - Rockford Memorial / St. Anthony Medical Center</b>  <p>The Commission . The FTC filed an administrative complaint challenging OSF Healthcare System's proposed acquisition of Rockford Health System against, charging that the acquisition would substantially reduce competition among hospitals and primary care physicians in Rockford, Illinois, and significantly harm local businesses and patients. The FTC's staff filed a separate complaint in federal district court seeking an order to halt the transaction temporarily to preserve competition for Rockford area residents pending the FTC's administrative proceeding and any subsequent appeals.</p>	11/18/2011	Merger - Part III Administrative Complaint with Federal Injunction  <a href="http://www.ftc.gov/os/adjpro/d9349/index.shtm">http://www.ftc.gov/os/adjpro/d9349/index.shtm</a>
<b>2. 1110103 - DaVita / DSI Renal</b>  <p>The Commission required dialysis services company DaVita, Inc. to sell 29 outpatient dialysis clinics around the United States, under a settlement that resolves FTC charges that DaVita's proposed \$689 million acquisition of rival CDSI Holding Company, Inc., also known as DSI, would be anticompetitive. The settlement preserves competition in 22 geographic markets where the FTC alleges that consumers would be harmed by DaVita's acquisition of DSI. The settlement requires DaVita to sell the clinics to Dialysis Newco, Inc., a corporation formed by venture capital firms Frazier Healthcare and New Enterprise Associates.</p>	9 /2 /2011	Merger - Consent Order Accepted for Comment  <a href="http://www.ftc.gov/os/caselist/1110103/index.shtm">http://www.ftc.gov/os/caselist/1110103/index.shtm</a>
<b>3. 1110067 - Phoebe Putney / Palmyra</b>  <p>The FTC challenged Phoebe Putney Health System, Inc.'s (Phoebe's) proposed acquisition of rival Palmyra Park Hospital, Inc. (Palmyra) from HCA, in Albany, Georgia. The FTC's administrative complaint alleges that the deal will reduce competition significantly and allow the combined Phoebe/Palmyra to raise prices for general acute-care hospital services charged to commercial health plans, substantially harming patients and local employers and employees. The FTC also alleges that Phoebe has structured the deal in a way that uses the Hospital Authority of Albany-Dougherty County (the Authority) in an attempt to shield the anticompetitive acquisition from federal antitrust scrutiny under the "state action" doctrine. The FTC's staff, together with the Attorney General of the State of Georgia, filed a separate complaint in federal district court in Albany, Georgia, seeking an order to halt any transaction involving Phoebe, the Authority, or Palmyra, under which Phoebe would acquire control of Palmyra's operations, until the conclusion of the FTC's administrative proceeding and any subsequent appeals. On June 27, a federal judge with the U.S. District Court for the Middle District of Georgia granted Phoebe Putney's motion to dismiss the FTC's complaint. The FTC subsequently appealed that ruling to the United States Court of Appeals for the Eleventh Circuit. On December 9, 2011 the appeals court denied the Commission's appeal.</p>	4 /20/2011	Merger - Part III Administrative Complaint with Federal Injunction  <a href="http://www.ftc.gov/os/adjpro/d9348/index.shtm">http://www.ftc.gov/os/adjpro/d9348/index.shtm</a>
<b>4. 1010167 - ProMedica / St. Luke's Hospital</b>  <p>The FTC challenged ProMedica Health System, Inc.'s consummated acquisition of rival St. Luke's Hospital in Lucas County, Ohio. The FTC's administrative complaint alleges that the deal will reduce competition and allow ProMedica to raise prices for general acute-care and inpatient obstetrical services, significantly harming patients and local employers and employees. The FTC staff also filed a separate complaint in federal district court seeking an order requiring ProMedica to preserve St. Luke's as a separate, independent competitor during the FTC's administrative proceeding and any subsequent appeals. The action in federal district court was brought jointly with the Attorney General of the State of Ohio. The PI hearing was held on February 10 and 11, 2011. On March 29, 2011 the District Court granted the FTC's request for a preliminary injunction. With an Initial Decision issued on December, 5, 2011, the Chief Administrative Law Judge D. Michael Chappell ruled that ProMedica Health System, Inc.'s consummated acquisition of rival St. Luke's Hospital harmed competition in violation of U.S. antitrust law and would allow ProMedica to raise the prices of general acute care inpatient hospital services in Lucas County, Ohio (the Toledo area). Judge Chappell ordered ProMedica to divest St. Luke's Hospital to an FTC-approved buyer within 180 days after the order becomes final.</p>	1 /6 /2011	Merger - Part III Administrative Complaint with Federal Injunction  <a href="http://www.ftc.gov/os/adjpro/d9346/index.shtm">http://www.ftc.gov/os/adjpro/d9346/index.shtm</a>

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5. 1010152 - Lab Corp / Westcliff Medical Laboratories	12/1 /2010	Merger - Part III Administrative Complaint with Federal Injunction <a href="http://www.ftc.gov/os/adjpro/d9345/index.shtm">http://www.ftc.gov/os/adjpro/d9345/index.shtm</a>
<p>The FTC challenged Laboratory Corporation of America's \$57.5 million acquisition of rival clinical laboratory testing company Westcliff Medical Laboratories, Inc., alleging that the transaction would harm competition in Southern California. The issued an administrative complaint charging that LabCorp's acquisition of Westcliff, which was completed June 16, 2010, violates antitrust laws and would lead to higher prices and lower quality in the Southern California market for the sale of clinical laboratory testing services to physician groups. The complaint also alleges that LabCorp's acquisition of Westcliff would leave only two significant laboratories in Southern California competing to provide critical testing services to most physician groups. LabCorp and Westcliff, along with a third competitor, Quest Diagnostics Incorporated, currently serve the vast majority of the physician groups in the region. The transaction would leave LabCorp and Quest in control of approximately 89 percent of the market, according to the FTC's complaint. The FTC also is filing an action in federal court to prevent LabCorp from integrating the Westcliff assets while the case is being tried in the administrative court. On June 25, 2010, LabCorp agreed to hold the Westcliff assets separate and apart while the agency investigated the transaction; the FTC is seeking a federal court order requiring LabCorp to continue that separation during the administrative proceeding. On February 25, Judge Guilford denied the FTC motion for an injunction pending appeal. Staff filed an emergency motion for an injunction pending appeal with the 9th Circuit on February 23. On March 14, 2011 the 9th Circuit Court of Appeals denied the Commission's appeal. On March 24, 2011 the FTC withdrew its appeal and also withdrew the matter from administrative adjudication a step that stops the trial proceedings, but does not conclude the case. On April 22, 2011 the Commission issued an order dismissing its complaint in Laboratory Corporation of America's acquisition of Westcliff Medical Laboratories, Inc., and closing the Commission's investigation of the matter.</p>		
6. 1010142 - Universal Health Services / Psychiatric Solutions	11/15/2010	Merger - Consent Order Accepted for Comment <a href="http://www.ftc.gov/os/caselist/1010142/index.shtm">http://www.ftc.gov/os/caselist/1010142/index.shtm</a>
<p>The FTC required Universal Health Services, Inc., one of the nation's largest hospital management companies, to sell 15 psychiatric facilities as a condition of its \$3.1 billion acquisition of Psychiatric Solutions, Inc. As originally proposed the acquisition would have reduced competition in the provision of acute inpatient psychiatric services in three local markets: Delaware, Puerto Rico, and metropolitan Las Vegas, Nevada.</p>		
7. 0810259 - Carilion Clinic / Center for Advanced Imaging	7 /24/2009	Merger - Part III Administrative Complaint <a href="http://www.ftc.gov/os/adjpro/d9338/index.shtm">http://www.ftc.gov/os/adjpro/d9338/index.shtm</a>
<p>In July 2009, the Commission issued an administrative complaint challenging Carilion Clinic's 2008 acquisition of two competing outpatient clinics in the Roanoke, Virginia, area. The complaint alleges that Carilion's acquisition of these outpatient centers eliminated competition in violation of federal antitrust laws, and will lead to higher health care costs and reduced incentives to maintain and improve service and quality of care for patients in the Roanoke area. The complaint seeks divestiture of these centers and related assets necessary to restore the competition eliminated by the acquisition. On October 7, 2009 Carilion agreed to sell two independent outpatient medical clinics it acquired last year to settle Federal Trade Commission charges that the acquisitions were anticompetitive and violated federal law.</p>		
8. 0610166 - Inova / Prince William	5 /6 /2008	Merger - Part III Administrative Complaint with Federal Injunction <a href="http://www.ftc.gov/os/caselist/0610166/index.shtm">http://www.ftc.gov/os/caselist/0610166/index.shtm</a>
<p>In the case of Inova Prince William (0610166) the Commission authorized both an Administrative Complaint and a PI to challenge the proposed merger of Inova Health System Foundation's and Prince William Health System (PWHS) pending a full administrative trial on the merits. The federal district court complaint alleges that the acquisition would violate federal antitrust laws by reducing competition for general acute care inpatient hospital services in Northern Virginia. On June 17, 2008 the Commission approved an order dismissing its administrative complaint, as the respondents publicly announced their mutual decision to terminate the proposed acquisition agreement. The transaction was withdrawn on 6/11/2008.</p>		
9. 0510234 - Fresenius AG / American Renal Association	9 /15/2007	Merger - Consent Order Accepted for Comment <a href="http://www.ftc.gov/os/caselist/0510234/index.shtm">http://www.ftc.gov/os/caselist/0510234/index.shtm</a>
<p>The Commission settled charges stemming from American Renal Associates' (ARA) proposed acquisition of assets from Fresenius AG, which would have made ARA the only operator of dialysis clinics in the Warwick/Cranston area of Rhode Island. The purchase agreement called for the sale of five Fresenius clinics to ARA, including two in the Warwick/Cranston area, and the closure of an additional three Fresenius clinics in Rhode Island and Massachusetts. The parties terminated their purchase agreement after FTC staff raised antitrust concerns, but the Commission challenged the closure of the three clinics as a naked agreement to pay a competitor to exit the market, and also alleged a Section 7 violation in the Warwick/ Cranston market for dialysis services. The Commission's order bars the parties from entering into any agreement to close dialysis clinics, and requires ARA to notify the Commission if it intends to acquire any dialysis centers in the Warwick/Cranston area for a period of 10 years.</p>		

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10. 0510154 - Fresenius AG / Renal Care Group	3 /30/2006	Merger - Consent Order Accepted for Comment <a href="http://www.ftc.gov/os/caselist/0510154/0510154.shtm">http://www.ftc.gov/os/caselist/0510154/0510154.shtm</a>
Fresenius AG settled charges that its purchase of rival dialysis provider Renal Care Group, Inc. would likely have resulted in higher prices for dialysis services. The consent order requires that Fresenius AG will sell 91 outpatient kidney dialysis clinics and financial interests in 12 more.		
11. 0510051 - DaVita Inc. / Gambro Healthcare, Inc.	10/4 /2005	Merger - Consent Order Accepted for Comment <a href="http://www.ftc.gov/os/caselist/0510051/0510051.shtm">http://www.ftc.gov/os/caselist/0510051/0510051.shtm</a>
The consent order resolves the competitive issues raised by DaVita's proposed \$3.1 billion purchase of rival outpatient dialysis clinic operator Gambro Healthcare Inc. from Gambro AB. Pursuant to the order, DaVita sold 69 dialysis clinics and end two management services contracts in 35 markets across the United States within 10 days of consummating its purchase of Gambro. The Commission has approved Renal Advantage Inc. as 3 the buyer of most of the clinics to be divested, and entered into an order to maintain assets with DaVita.		
12. 0110234 - Evanston Northwestern Healthcare Corporation	2 /10/2004	Merger - Part III Administrative Complaint  <a href="http://www.ftc.gov/os/adjpro/d9315/index.shtm">http://www.ftc.gov/os/adjpro/d9315/index.shtm</a>
(August 2007), the Commission ruled that Evanston Northwestern Healthcare Corp.'s 2000 acquisition of Highland Park Hospital was anticompetitive and resulted in higher prices for acute care inpatient hospital services in parts of Chicago's northern suburbs. The Commission concluded that in this "highly unusual case," divestiture, the remedy imposed by the administrative law judge, would be too costly and potentially risky and instead imposed a conduct remedy. The Commission's order requires Evanston to set up two separate and independent contract negotiation teams to bargain with managed care organizations to revive competition between Evanston's two hospitals and the Highland Park hospital. In an initial Decision dated October 17, 2005 the Administrative law judge found that Evanston Northwest Healthcare Corporation's acquisition of an important competitor, Highland Park Hospital, resulted in higher prices and substantially lessened competition for acute care inpatient services in parts of Chicago's northwestern suburbs. The Administrative law judge found that the evidence established that the merged hospital exercised its enhanced post-merger market power to obtain price increases significantly above its premerger prices and substantially larger than price increases obtained by comparable hospitals. The ALJ also found that the evidence ruled out explanations for the price increase, other than the exercise of market power. The ALJ entered an order that would require the divestiture of the acquired hospital. The hospital's appeal of the ALJ's decision and order requiring divestiture of Highland Park Hospital is now pending before the Commission. On February 10, 2004 the Commission issued an administrative complaint alleging that following Evanston Northwestern Healthcare Corporation's acquisition of Highland Park Hospital prices charged to health insurers for medical services increased and, therefore, higher costs for health insurance were passed on to consumers of hospital services in the Cook and Lake counties of Illinois. The complaint also alleges that a physicians group affiliated with both hospitals, Highland Park Independent Physician Group, negotiated prices for physicians on staff at Evanston as well as for several hundred independent physicians not affiliated with either hospital. According to the complaint, these actions constitute illegal price fixing among competing physicians or physician groups and deny consumers the benefits of competition in physician services. In May, 2005, the Commission approved a final consent order to resolve a separate count in the complaint involving alleged price fixing by doctors associated with the two hospitals.		
13. 0210140 - Quest Diagnostics Inc./Unilab	2 /21/2003	Merger - Consent Order Accepted for Comment <a href="http://www.ftc.gov/os/caselist/c4074.shtm">http://www.ftc.gov/os/caselist/c4074.shtm</a>
Quest Diagnostics settled antitrust concerns that its proposed acquisition of Unilab Corporation would substantially increase concentration in the clinical laboratory testing services market by agreeing to divest clinical laboratory testing assets in Northern California to Laboratory Corporation of America.		
14. 9710090 - Poplar Bluff Hospitals	4 /16/1998	Merger - Part III Administrative Complaint with Federal Injunction <a href="http://www.ftc.gov/os/caselist/d9289.shtm">http://www.ftc.gov/os/caselist/d9289.shtm</a>
Staff authorized to file a motion for a preliminary injunction to block the proposed acquisition of Doctors Regional Medical Center in Poplar Bluff, Missouri. On July 30, 1999, the U.S. District Court for the Eastern District of Missouri granted the Commission's motion for the injunction. Tenet filed a notice of appeal in the Eighth Circuit on August 10, 1999. An administrative complaint was issued August 20, 1998 charging that the proposed merger of the only two general hospitals in Poplar Bluff would not only eliminate price, cost and quality competition but would also put consumers at risk of paying more for health care. The Commission dismissed the administrative complaint that challenged the acquisition of Doctors Regional Medical Center in Poplar Bluff, Missouri after the United States Court of Appeals for the Eighth Circuit denied the Commission's petition for a rehearing en banc and denied the Commission's motion to stay the mandate in October 1999.		

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15. 9710024 - Tenet Healthcare Corp / OrNda HealthCorp	1 /28/1997	Merger - Consent Order Accepted for Comment <a href="http://www.ftc.gov/os/caselist/c3743.shtm">http://www.ftc.gov/os/caselist/c3743.shtm</a>
The proposed consent order permits the acquisition of OrNda Healthcorp but requires the divestiture of Tenet's French Hospital Medical Center and related OrNda assets in San Luis Obispo County, California by August 1. 1997. This is the shortest divestiture period ever imposed on a hospital merger order.		
16. 9510126 - Blodgett Memorial Medical Center	1 /19/1996	Merger - Part III Administrative Complaint with Federal Injunction <a href="http://www.ftc.gov/os/caselist/d9283.shtm">http://www.ftc.gov/os/caselist/d9283.shtm</a>
Staff authorized to file a motion for a preliminary injunction to block the proposed merger of the two largest hospitals in Grand Rapids, Michigan, Blodgen and Butterworth Hospital, on grounds that the merger would substantially reduce competition for acute-care inpatient hospital services in the area The complaint was filed January 23,1996 in the U.S. District Court for the Western District of Michigan (Southern Division). On September 26,1996, the court denied the Commission's request for an injunction. An administrative complaint alleging violation of the antitrust laws also was filed on November 18, 1996. The Commission ended its litigation after the U.S. Court of Appeals for the Sixth Circuit upheld the district court's decision.		